

# EAP INTERNAL CONTROL POLICY

# PROGRAM PERFORMANCE AND INTEGRITY

## SECTION 700

The program performance and integrity process ensures that each Local Service Provider (LSP) has internal controls that would protect EAP funds from waste, fraud and abuse.

# THE GOAL

Develop a basic understanding of Internal Controls and the framework necessary to design your own Internal Control policy

# Why is an effective Internal Control Policy important?

# INTERNAL CONTROL

## In Summary

It plays an important role in providing guidance for detecting and preventing fraud and protecting the LSPs and EAPs integrity

# INTERNAL CONTROL

What it is not

Intended to take the place of your judgement or dictate how you choose to implement the EAP program within the established guidelines

# MANAGEMENT'S ROLE

Provide leadership to achieve the EAP program objectives

- Effective Internal Control Policies are the techniques used by managers to achieve the EAP program objectives

# PROGRAM PERFORMANCE AND INTEGRITY

## 701

- Each LSP must have written policies and procedures that ensure accurate client eligibility determination, benefit approval, and protection of the funds from fraud, waste, and abuse. The procedures must outline the LSPs step process for completing appointment, processing a mail application, and calculating benefits. The policies must also provide steps to ensure that the above sections are completed properly.
- Validation of these procedures is completed through the agency's Quality Assurance Reviews.
- The procedures will be reviewed during the monitoring process



# ELEMENTS OF AN INTERNAL CONTROL POLICY

## LSP Operation

- Confidentiality and Security
- Completing Appointment Process
- Mail-In Protocol
- Elements of a Good File
- Appeals Process

## Eligibility Determination

- Zero Income Claimants
- Proof of Residence
- Calculating Benefits

# ELEMENTS OF AN INTERNAL CONTROL POLICY

## Fraud Waste and Abuse

- Landlord Affidavit
- Social Security Verification
- Conflict of Interest
- Processing Applications for Relatives and Staff
- Transmittals
- Investigating Fraud, Waste and/or Abuse

## Quality Assurance Reviews (QA)

# LSP OPERATIONS

## 701.1 CONFIDENTIALITY AND SECURITY (NEW)

- Violating privacy by disclosing confidential information
- Locked file cabinets
- Password protected computers
- Removing open sign-in sheets
- Discussing LSP internal procedures in front of customers
- Records Retention Policy (3 years)
- Striking out first five digits of social security number and the complete drivers license number

# LSP OPERATIONS

## COMPLETING THE APPOINTMENT PROCESS

- Intake steps necessary to process an applicant from the time they walk in the door to the time they meet the intake worker
- Checklist for intake workers to use when interviewing applicants to ensure all documentation is provided for the file and to ensure that all steps are completed correctly

*BEST PRACTICE: Develop and follow checklist at every step of the intake process to ensure that every applicant is processed the same way every time.*

# LSP OPERATIONS

## 803 MAIL-IN PROTOCOL

- Describe how the LSP will meet the Assurance 3 requirements to conduct outreach activities to its communities
- Provide the steps taken by the LSP to process a mail-in application

# LSP OPERATIONS

## 701 ELEMENTS OF A GOOD CUSTOMER FILE (NEW)

### **Readable:**

- Legible information in a logical order

### **Certified:**

- Appropriate documents are signed, dated and approved

### **Transparent:**

- customer has been served according to the program guidelines

### **Consistent:**

- All files are similar in set up, content and clarity

### **Secure:**

- All information should be safely stored and secured

# LSP OPERATIONS

## 1102 APPEALS PROCESS

Describe the LSPs internal steps used to convey, accept, review and respond to an applicant's appeal prior to submitting the appeal to IHCD for review

- Customer appeals begin at the LSP level
- LSP has 10 calendar days to respond in writing to an appeal submitted by a customer

# ELIGIBILITY DETERMINATION

## 701.3 ZERO INCOME CLAIMANTS

Households that declare no income are required to complete a *Zero Income Verification Form (NEW)* located in Appendix R

It is recommended that LSPs review a higher sampling of zero income applications because of the risk of false reporting



# ELIGIBILITY DETERMINATION

## 701.8 PROOF OF RESIDENCY (NEW)

The household must provide proof of residence for anyone on the lease, mortgage, utility bill or other supplied documentation, but does not reside in the household

# ELIGIBILITY DETERMINATION

## CALCULATING BENEFITS

Errors in income calculations is the number one finding and concern found during a on-site monitoring visit which may effect the awarded benefit

- Ongoing staff training program based upon Quality Assurance reviews
- LSP documented methods used by staff to determine and calculate income (i.e. income worksheet and/or RIAA data base calculations)

# FRAUD, WASTE AND ABUSE

## 701.4 LANDLORD AFFIDAVITS

The Landlord Affidavit can be used to corroborate that the information submitted on the application was correct and the proper matrix points were assigned as a result

The LSP should also include QA random samplings of households that rent by using a Landlord Affidavit **(NEW)** in Appendix D

Verification of property ownership may also be needed in the QA effort

# FRAUD, WASTE AND ABUSE

## 701.5 SOCIAL SECURITY NUMBER VERIFICATION

Each household member age one (1) and over must possess a valid social security number and it must be provided as part of the eligibility/ineligibility process. The most common is the household member's social security card. However, other acceptable forms and methods can be used.

- Document the LSP steps required by staff to confirm social security verification or residential status

# FRAUD, WASTE AND ABUSE

## 701.7 PROCESSING APPLICATIONS FOR RELATIVES AND STAFF

Describe the LSP procedures used when any applicant, employed by the LSP full-time, part-time or contractually; or who has a relationship to a staff or governing board member is applying for an EAP benefit :

- Define who meets the criteria
- How applications are processed
- QA procedures

# FRAUD, WASTE AND ABUSE

## CONFLICT OF INTEREST

Each LSP should have a conflict of interest statement or policy as part of the employee manual. These conflicts may also be extended to relationships between staff and EAP participants.

- Describe the procedures used by management to assure that a conflict of interest does not exist or is properly acknowledged by staff processing applications. (i.e. intake worker processes application of his best friend)

# FRAUD, WASTE AND ABUSE

## TRANSMITTALS

Describe the LSP process for processing and checking submitted transmittals

- Staff responsible for providing checks and balances
- Correct utility vendor information for applicant
- Homeowner benefit awarded, if applicable
- Accuracy of utility account numbers & name holders
- How errors will be processed
- Returned transmittals

# **FRAUD, WASTE AND ABUSE**

## **701.6 PROCEDURES FOR FRAUD WASTE AND/OR ABUSE**

**&**

## **707 INVESTIGATING FRAUD WASTE AND/OR ABUSE (NEW)**

IHCDA has developed standardized procedures and investigating guidelines for LSPs to use during the fraud, waste and abuse process



# QUALITY ASSURANCE REVIEWS

## 701.2

Quality Assurance (QA) Reviews are internal reviews conducted by the LSPs to ensure that all applications are complete. An application must contain at least the following information:

- Household information
- Statistical sections
- Benefit information sections
- Utility company information
- Identification of application type, including TANF status
- Signature and date on the application
- Completed QA form, if applicable

# QUALITY ASSURANCE REVIEWS

## 701.2 CLIENT ELIGIBILITY VERIFICATION

A complete application should contain the following supporting documentation:

- Copies of the most recent or other appropriate energy bills
- Copies of income documentation
- Notation of participation in Energy Education Class, if applicable
- Case-management notes for further energy related services using the Family Development Matrix
- Forms indicating referrals to other agencies or programs
- Other documentation including the intake worker's written comments (i.e. notes regarding contacts with utility companies)

# QUALITY ASSURANCE REVIEWS

## EAP File Review

- Each LSP is to complete no less than thirty percent (30%) QA on all EAP applications within 45 days of the date of approval or denial
- The thirty percent (30%) should be maintained through the end of the program year. **LSPs can continue to correct all files and make changes in RIAA up to the end of the EAP program year (9/30)**

# GENERAL

A signed EAP application and the zero income verification form give the LSP consent to make any necessary contacts to verify information given by the applicant

**Each LSP has the authority to request additional information from a household or independently verify information provided during the eligibility process**

# COMMON COMPLIANCE ISSUES

Income Calculation Errors

Application Errors

Intake/Processing Errors

# THE NEXT STEP

Use this information as a resource to develop your own personalized LSP internal control policies. The concepts discussed today and also found in the 2016 EAP manual should be the foundation for your organization, but not where the process stops.